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 Lawyer Says Prosecution Has CIA Ties

Ouster of Rewald Indictment Sought

By Charles Memminger
 Star-Bulletin Writer

Ronald Rewald's attorneys want his indictment dismissed because two government attorneys have or have had connections with the CIA.

If the indictment is not thrown out, federal Public Defender Michael Levine at least wants Prosecutor John Peyton disqualified from the case because of his CIA ties.

"There is strong indication that at least two of the prosecutors in charge of presenting the Rewald case to the grand jury had a vested interest in protecting the Central Intelligence Agency," Levine said in court documents.

Levine is referring to Peyton, who used to be chief counsel for the CIA in Langley, Va., and Theodore Greenberg, whom Levine says "also has strong CIA connections."

Rewald is charged in a 100-count indictment with defrauding investors out of millions of dollars through his defunct company, Bishop, Baldwin, Rewald, Dillingham & Wong.

Rewald claims that the company was set up and run by the CIA to conduct secret CIA activities. His attorneys think the CIA "has a vested interest in having Rewald convicted, in minimizing its own role in the entire affair and in suppressing or distorting information about CIA involvement."

"THIS IS because it wishes to avoid possible criminal prosecution of CIA officials, wide-ranging congressional and executive branch investigations into CIA activities, and costly and embarrassing civil judgments against the agency and its operatives by Bishop, Baldwin investors," the motion says.

Peyton arrived in Honolulu just two days after Rewald attempted to kill himself. The suicide attempt led to the rapid collapse of his company.

But Peyton said he did not come as a CIA attorney but as an assistant U.S. attorney with background in drug investigations. Peyton came to Hawaii from Miami where he served as an assistant U.S. attorney in charge of narcotics trafficking for two years.

Levine alleges that Peyton still works for the CIA and points to a letter written to U.S. Judge Martin Pence from Bishop, Baldwin bankruptcy attorney Simon Klevansky.

In that letter, Klevansky says that Peyton claims to be an attorney for the CIA so he should be able to review certain sealed court documents.

Levine alleges that Greenberg is connected to the CIA because he has been counsel-of-record for some of the government's filings pertaining to CIA-related documents. He also was involved as a government attorney in the espionage case of CIA agent Edwin Wilson.

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